IMPACT OF THE EXIM POLICY ON THE INDIA'S ECONOMY

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ABSTRACT

The export-Import policy abbreviated as the EXIM Policy is a dynamic set of guidelines and regulations to maintain a smooth flow of international economic transactions with respect to the import & export of goods & services. Being of dynamic nature, the continuous updates and amendments are completely dependent upon various internal and external factors within and outside the country. EXIM Policy was the first baby step by the Government of India which gave birth to the Foreign Trade Development and Regulations Act, 1992 to implement and regulate the LPG policy which was introduced in the year 1992. Since the introduction of the global trade mechanism, it proved to be a very important economical activity for every country in the world, especially for least developing and under-developing countries in the world.

It has been assessed that foreign trade has already added value to India's economy which resulted in the economic improvement from $288 B to $2,875 B. But at the same time, releasing the protectionism also affected various sectors of India's economy followed by the shrinking of market share especially the dairy sector. Considering all these facts, the best satisfactory reason for the introduction of globalization can be the scarcity of the resources of all kinds. The uneven distribution of natural resources also encourages the theory of comparative advantage, where some country has effective sources to produce the product relatively at a very lower cost. And to bridge this gap, the world has collectively stressed on the introduction of LPG policy in every possible country; therefore The new Foreign Trade Policy (2015-20) of India considered all the major factors such as products, geographical location etc., tried to maximize the foreign trade with the objective of attaining the export target of $900 B by the end of 2020.

And after considering all the factors and objective, the research article aims to elucidate the impact on India’s foreign trade policy. And the paper will also examine the various measures adopted by the current EXIM policy to increase India's competitiveness with other global competitors.

Key words: EXIM, globalization and economy.

Introduction

Exports are instrumental in the growth of an economy, particularly in developing or in least developing countries. Though India was competing with the other international but it was really very hard for India to win the competition against other major economies. It is important to take an all-encompassing and detailed view of the overall growth of foreign trade in the region. While export growth is of vital importance, we also need to encourage the imports that are needed to stimulate our economy. To optimise the contribution of such policies to growth, coherence and continuity between trade and other economic policies is important. It is therefore important to go far further and take an integrated approach to the developmental requirements of India's foreign trade, thus integrating the current practise of enunciating an annual EXIM strategy. This is the background of the current Policy on International Exchange.

The Government of India launched the institution with a mandate not only to increase India's exports, but also to align foreign exchange and investment with the overall economic development of the region. In the last two decades, the junction of the local economy through the bilateral exchanges and a positive inflow & outflow of foreign currency along with capital movement has integrated India's GDP to hit at Rs 203.39 trillion (US$ 2.88 trillion) in 2019-20[1]. At the same time, during those years, per capita incomes have nearly multiplied to 3. India's trade and external industries have had a substantial effect on both GDP growth and per capita income expansion.

According to data from the Ministry of Commerce and Industry, total exports from India (Merchandise and Services) totalled US$ 528.45 billion in 2019-2020, while total imports were valued at US$ 598.61 billion. In 2019-2020, merchandise exports were US$ 314.31 billion, while merchandise imports in the same period hit US$ 467.19 billion. The projected export and import volume of services for 2019-2020 stood at US$ 214.14 billion and US$ 131.41 billion respectively[2]. Total exports from India (merchandise and services) were US$ 141.82 billion in 2020-21 (until July 2020), while total imports were projected at US$ 127.76 billion, according to data from the Ministry of Commerce and Industry. From April 2020 to July 2020, India reported a trade surplus of US$ 14.06 billion[3]. As per the inference made by the Mr Piyush Goyal & Mr Suresh Prabhu (Minister of Commerce and Industry & Railways), the Government

[1] World Bank national accounts data, and OECD National Accounts data files.
[2] World Bank national accounts data, and OECD National Accounts data files.
[3] https://dea.gov.in/monthly-economic-report-table

of India is keen to increase exports and provide more jobs for young, talented and well-educated individuals as well as semi-skilled and unqualified employees in India.

Although India has not opened up its economy to aggressively, but its tariffs relative to other countries, continue to be high and its foreign investments are still restrictive. This shows India as a fast globalizer, while others also see it as an economy with strongly defensive restrictive measures. India was a closed market until the early 1990s: average tariffs exceeded 200 per cent, quantitative trade controls were comprehensive and foreign investment restrictions were tight.

In the 1990s, the nation started to transition slowly, liberalising only under circumstances of severe need. Trade policies have achieved impressive results since that time. Between 1990 and 2005, India's GDP trade ratios rose from 15% to 35% of GDP, and the economy is now among the world's fastest growing. In addition to a reduction in overall non-agricultural tariffs of less than 15%, quantitative import controls have been abolished and foreign investment requirements for a variety of sectors have been eased.

Over the last 65 years, India's foreign trade has experienced a thorough revision in terms of basic structure and plan of action. Exports are now covered by a wide range of conventional and non-traditional commodities, while imports mainly consist of capital goods, petroleum products, raw materials and chemicals to meet the rising needs of an emerging economy. In order to become a big player in world trade, the International Trade Agenda of India or the IFT- Policy of India needs a systematic approach.

The rise in exports is of vital importance, and India have to encourage imports necessarily for the development of the Indian economy. To optimise the contribution of such policies to growth, logic and coherence between trade and other economic policies are necessary. And the prime agenda of IFT-Policy of India is- while any integration into India's current Foreign Trade Policy is important, past policies should also be incorporated in order to allow India's foreign trade to grow.

History of India's Trade Policy

Even though the common opinion is that the promotion of India's exports began with post-nineties economic reforms. A international exchange policy analysis indicates that, long before that, attempts were made to make our trade competitive. We need to know the context of the history and evolution of international exchange in India to understand this. India is considered by its length and width as a nation with enormous resources available. From ancient times until the founding of the British Empire, India was renowned for its fabulous riches. Indian trading history reflects that the nation was still stable amid the regular political upheavals between the 12th to the 16th centuries. The foreign travellers contain descriptions of the wide range of excellent resources available in the Indian markets at that time. And one of the principal export products of India was its textiles.

Textiles have been exported from Gujarat to Arab countries and to South-East Asia. India's trade history also reveals hardwood furniture, which was a very common commodity for experts, embellished with inlay work. Even though the costly sculptures and inlays were dominated by the embellished Mughal theme, the European architecture was modelled on the furniture. Both in ancient and mediaeval India, carpets were used. But during the 16th century, new heights were touched by the skill of carpet weaving. In South India, a greater range of ornamental work has been developed in cut stones, ivory, pearl and tortoise shells. Pearl fishing here has become a huge business. Indian handicrafts, which were put down by Indian emperors, were not congruent with the ideology of western countries as they very popular in western countries for their grace and skills.

Water ways through rivers have also facilitated trade between various parts of the nation. India's exports were seen to outweigh its imports in terms of both the number of products and the volume. Through the Red Sea and the Mediterranean ports, Arab merchants exported Indian products to European countries. The state coffers were amply stocked with gold and silver and significant sales from their shipments of different products. Today India is a trillion-dollar economy and a few of India's popular gifts to the world are tea originated from Darjeeling, Indian khadi cotton, Kashmiri carpets, Indian spices and dried fruit. The economic levels of the urban and semi-urban areas have increased. Literacy penetrates widely into even far-reaching regions, thereby generating knowledge and higher purchasing levels in all parts of society across all kinds of products. The history of India’s international trade has always been so fascinating that the availability of goods across the globe has marked a great potential and uptrend for international trade with several other countries. And It is all because of India’s great potential and availability of resources/ sources. Countries has also understood the concept of Price Advantage Theory and now all the nations has come up all together and establish a global international market to fulfil needs of every individual in all the resgion.

India & International Growth and Trade Situations

Although the global economy has recovered somewhat after the 2008 crisis, but the developments in the US and the European geographical area has projected slow economic growth. At regular intervals, the world economy was receiving shocks and therefore the global economy's GDP growth is therefore the values projected in Oct. 2012 in comparison with July 2012 the global GDP is skunked to again 3.3% in 2012 and 3.6% in 2013, which is less to a approximate value of 0.2% and 0.3% respectively[4].

Meanwhile, the IMF has also rectified its old projection rate/ value of the international trade in goods and services to 3.2% in 2012 and 4.5% in 2013 respectively. The congruent effect can be seen from the dramatic drop of EXIM for LDC & UDC economies by 0.8- 1.7% in 2012. It is not so encouraging to see the monthly import growth rates of India's with various trading partners affecting India's export demand. After the crisis of 2008, many countries were able to reach export levels prior to the crisis, but few countries were able to achieve export growth trends prior to the crisis. On the other hand, India showed a great export performance during those years as compared to other competitive countries in the world, because India has effectively managed to reach and maintain the pre-crises EXIM trends and it can also not be exempted that India’s growth rate has also stared to accelerate negatively.

The Indian economy's average growth rate was 6.5% in 2011-12, compared to 8.4% recorded in both of the previous two years. Growth in first quarter of AY 2012-13 was 5.5% as compared to 8.0% in 2011-12. Both domestic as well as global forces are responsible for the decline. From 5.1% in 2010 to 3.8% in 2011, the world economy has been slowing down. During much of 2011-12, the RBI has adopted a tight monetary policy to rein in inflation, which led to the rise in borrowing costs. This has led to the downturn in the manufacturing sector, along with a decline in investment activity. In each of the four quarters of 2011-12, total industrial growth moderated sequentially and was at 2.9% relative to 8.2% growth in 2010-11[5].

Industrial growth during the current fiscal cycle from April to August was 0.4%. The fiscal deficit shot up to 5.8% of GDP in 2011-12 compared to a BE of 4.6% of GDP, owing to a variety of factors such as economic stagnation impacting tax receipts and higher spending on

[4] https://www.indiantradeportal.in/vs.jsp?lang=0&id=0,25,45
[5] https://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics

fuel and fertiliser subsidies. While WPI(wholesale price index) headline inflation moderated from 9.56% in 2010-11 and 8.94% in 2011-12, in September 2012 it was at 7.81%[6].

Food inflation has become a source of concern in particular. In 2011-12, trade and current account deficits expanded to 10.3% and 4.2% of GDP respectively. The sharp decrease in the rupee during First Quater (April-June) of 2012 reveals, among other things, the supply-demand gap in the domestic foreign exchange sector due to the 6th expansion of the CAD (current account deficit), the slowdown in FII inflows and the strengthening of the US dollar on the international market due to the safe haven status of the US Treasuries. Like many other currencies, the rupee has depreciated by 12.7% against the dollar in 2011-12 and 7.8% in September 2012, but it has improved slightly in the recent past, relative to March 2012.

India's exports and imports reported growth rates of 21.3% and 32.3% during 2011-12, respectively. The rise in crude oil prices, along with the rise in gold and silver prices, added considerably to the import bill, resulting in a strong 55.6% increase in the trade deficit. Export growth was negative in April-September 2012, at (-)6.8%. After 10.1% growth in January 2012, export growth in the following months was negative or low. It was at (-)10.8% in September 2012. In fact, since May 2012, exports have been declining month after month, also in absolute terms. Import growth was also negative at (-)4.4% during April-September 2012[7].

The Macro Policy Challenge for India

India has not only been challenged with in a simplified manner or in a single channel rather they are related to the present economic crisis that is evolving and others are of a structural and long term nature. If the economic crisis worsens domestically, the demand for fiscal measures could escalate again and security measures from trade partners could increase internationally. Although the government has introduced reforms of the second wave, these may include further reducing tariffs to ASEAN levels in the trade sector, while carefully taking account of domestic interests and at the same time withdrawing duty benefit schemes that could become obsolete under the low tariff regime. While, owing to its diversification of exports to Asia and ASEAN, India is relatively more protected with respect to the developments in the US, EU and other developing countries, India's large and increasing trade deficits with countries such as China and Switzerland are troubling on the bilateral trade deficit front[8]. In the diversification of India's

[6] https://tradingeconomics.com/india/producer-prices-change
[7] https://wits.worldbank.org/
[8] https://www.indiantradeportal.in/alerts_notified_spstbt.jsp?lang=0

export portfolio, much more needs to be achieved as its export presence is minimal in the world's top products of trade. Although India has made abrupt new shifts in knowledge and capital-intensive exports such as IT, gems and jewellery, and engineering products, on the other hand India is also losing traction in its traditional areas which includes labor-intensive exports such as textiles, cloth and leather accessories, etc. In the near future, while there are no signs of any clear closure of WTO negotiations, India's pushed itself for regional and bilateral agreements which may conclude to any substantial lead, and there are great chance to rectify Free Trade Agreements (FTAs) and Comprehensive Economic Cooperation Agreements (CECAs) to avoid multiple duties and may help in addressing local economic concerns.

India’s Trade Policy Evolution

In a wider context, after independence, India followed an inward-oriented approach for almost forty years or so. The underlying reasoning behind it was that by import substitution, it would enable accelerated industrialization and save precious foreign exchange at the same time. The period from the 1st Five Year Plan (1951-56) to the 7th Five Year Plan (1985-90) is covered by this policy. And this time was considered to be the “Quota Raj” era in which there was a controlled and restrictive setting[9]. However as India steadily followed a course of economic liberalisation, the decade of 1990 was marked by a close reverse turn. To solve its Balance of Payments and related issues, it adopted the Liberalization, Privatization and Globalization (LPG) strategy. In order to resolve the Balance of Payments and other questions, a number of economic changes have been implemented in different industries. Therefore, for almost forty years now the Indian economy, which has been a closed economy, has been relatively more open, presenting challenges to macroeconomic management.

Thus, India pursued an outward-oriented approach from 1990 onwards, which can be viewed as a major reversal from the previous century. A significant departure from the relatively protectionist trading practises adopted in previous years was the introduction of an outward-oriented approach. There is no question that India pursued an inward - focused trade policy after independence until 1990, in the wider sense of the word[10].

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[9] https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/index5.html

[10]http://epgp.inflibnet.ac.in/epgpdata/uploads/epgp_content/S000023MA/P001406/M022359/ET/1504613221m22Q1.pdf

The in-depth study of India's trade policies, reveals that from time to time there have been some changes in policy stance. India's trade strategy can be generally separated into the following levels, taking this into account[11]:

- First Stage– Restriction and Substitution on Imports from 1950 to 1970.
- Second Stage– Liberalisation and Promotion of Import and Export of India from 1970-1990.
- Third Stage– The introduction of EXIM Policy from 1990 onwards.

In order to assess the evolution of international trade policy (EXIM policy) over time, before and after liberalisation in the 90's, we need to understand the wider context and evolution of macroeconomic policy in India. In view of this wider context and in order, the subsequent trade policies were created. The Government of India created a special EXIM Policy Committee at the beginning of the 1980s to review preceding government export policies for imports. The Government of India subsequently authorised the commission. The EXIM Scheme was announced in April 1985 by Mr. V. P. Singh, then Minister of Commerce. Initially, the EXIM Plan was introduced over a period of three years with the key goal of improving the export market in India.

India entered the organised period of growth in the 1950s and Import Substitution was a major component of India's trade and industrial policy at the time. The share of India in overall world trade in 1950 was 1.78%, which declined to 0.6% in 1995. India's share of foreign trade was 0.8% during 2003-04; it was 1.0% in 2005.

The committee headed by PC Alexander in 1978 was the first commission to review and recommend import-export policies and procedures .This committee suggested simplifying the process for import licencing and presented a structure requiring a change from 'regulation to production' focus.

The Committee organised or headed by Mr Tandon gave eighteen recommendations on export strategy in 1980. In the 1978-79 Export Import Strategy, decentralisation of certain licencing functions took place for the first time in India's history and the powers of state licencing

[11] https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-940X.2010.00164.x

authorities were strengthened[12]. Under the EOU (export oriented units) system launched in early 1981, export oriented units were set up. The Indian Export and Import Bank (website) was founded in 1982 to take over the operations of the IDBI International Finance Arm. Another big goal was to provide exporters and importers with financial assistance.

In the 1985-88 Trade Strategy, a few steps were taken on the basis of a report from the 1984 Abid Husain Commission. "Growth Driven Exports instead of Export Led Growth" was envisaged by this committee. The committee's recommendation emphasised the need for harmonisation of international exchange policies with other domestic policies. This committee proposed that international exchange policies be released for longer periods. And as per the recommendation of the Abid Hussain Commission, the Export Import Pass Book Scheme was launched in 1985[13]. In 1985, the government of Vishvanath Pratap Singh formed a 3-year exim strategy. Chaired by Raja J Chelliah, the Tax Reform Committee recommended minimising the position of quantitative constraints and significantly reducing tariff rates[14]. And Export Processing Zones were introduced to induce the exports which are now called as SEZ.

Analysis of India's Foreign Trade Policy 2015-20

In line with the 'Make in India' vision, the new five years of Foreign Trade Policy 2015 20 offers a structure for promoting export of goods and services as well as increasing the job vacancies to add a value advantage to India. The new agenda focuses on supporting both the manufacturing and service sectors, with specific emphasis on enhancing the ease of doing business.

India is aimed by the government as a friendly manufacturing destination, and some of the main features of the current international trade policy are:

- India should be made a big player in world trade by 2020.
- The Merchandise Exports Scheme (MEIS) of India to export Merchandise is structured to facilitate unique foreign trade policy services for specific markets.

[12] https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/3156.pdf
[13] https://msme.gov.in/abid-hussain-committee-report
[14] http://14.139.60.114:8080/jspui/bitstream/123456789/17483/1/005_Chelliah%20Committee%20on%20Tax%20Reforms_A%20Review%20%2834-64%29.pdf

- The FTP will minimise the export duty by 25%, enhancing the domestic production and export of the commodity.
- Industrial goods can be subsidised at prices ranging from 2% to 3% in major markets.
- Indian should be promoting and branding the local business in strong exporting sectors to encourage more exports rather than imports.

The Foreign Trade Policy of 2015-20 implemented two new import and export promotion schemes, and those are the 'Merchandise Export from India Scheme (MEIS)' for exports of specified goods to specified markets, and the 'Services Export from India Scheme (SEIS)' for increasing exports of major services, to replace previous export schemes with different condition for unique eligibility and usages requirements.

(1) Export: In 2016, India exported US $261 billion worth of items around the world. The main goods exported by India are gems and jewellery, followed by aerospace equipment, mechanical appliances, automobiles, medicinal products, coffee etc., becoming one of the world's main exporters[15]. The top 10 exports in India accounted for 59.4% of the gross volume of its worldwide exports. As of October 2016, India's overall Gross Domestic Product was $ 8.721 trillion. Therefore, approximately 3% of the overall Indian economic production was accounted for by exports. The engineering products are one of the top sectors of India exports because of the abundance of the raw material as India has an enormous quantity of steel and iron available. India has thousands of steel plants that are public and commercial. Apart from this, India has the nation's largest diamond industry in Gujarat. As a consequence, it is India's second most-exported commodity.

And the major export includes:

- Engineering product counting to a total of around 11% of total export
- Jewellery and other precision metals are adding value of around 10.5% of India’s total export
- All types of chemical related goods are around 1.6% of the total export value

[15] https://www.fieo.org/view_section.php?lang=0&id=0,34,551

- Agro and petroleum products count around 0.3% and 3% respectively, of the India’s total export.

- Where Marine products and metals other than jeweller or gemstones has a great share which amount to around 23% and 61% respectively of the India’s total export.

(2) Import: In 2016, India imported products worth US $ 356.7 billion from around the world. Down from 2015 to 2016 by 8.7 points, mineral oils and petroleum goods, heavy equipment, organic materials, fertilisers, optical readers, plastics, car components, etc are the main imports from India. Imports are also an important part of international exchange in India, close to exports. India's top 10 imports accounted for almost three-quarters of sales from other countries (74.3% of the total volume of its commodity. Indian imports accounted for 2.2% of overall global imports, amounting to 35L+ trillion a year ago in 2015.

In India's import sales during 2016, the commodity groups represent the greatest importance. The 5%age share of each commodity group is also seen to reflect the terms of total imports into India. India is the world's second most populous nation and is also the second largest user of petroleum products. India imports raw oil from Iraq, Russia, and other Arab countries to meet its needs. Iraq is one of India's commodity allies and also a major international exchange partner. In India, the market for gems and jewellery is very strong, it is bought by nearly every Indian household, they retain it as an asset.

And the major import includes:

- Petro chemicals upto 4.8% of the India’s total import.

- Precious metals upto 4.9% of the India’s total import.

- Other chemical related good of about 5.8% of the India’s total import.

- Agro products are accounted to around 11.4% of the total import.

A Comparative Analysis of Export and Import of India

Over the year, India's exports have seen an upward trajectory. Exports increased to US$ 3 14,405.3 million in 2013-14 from US$ 44,560.29 million in 2000-01. Similarly, India's imports had rose from US$ 50,536.45 million in 2000-01 to US$ 490,736.65 million in 2012-13, which saw a downward trend with imports decreasing to US$ 381,006.63 million in 2015-16. Subsequently, exports declined steadily to reach US$ 262,290.13 million in 2015-16.

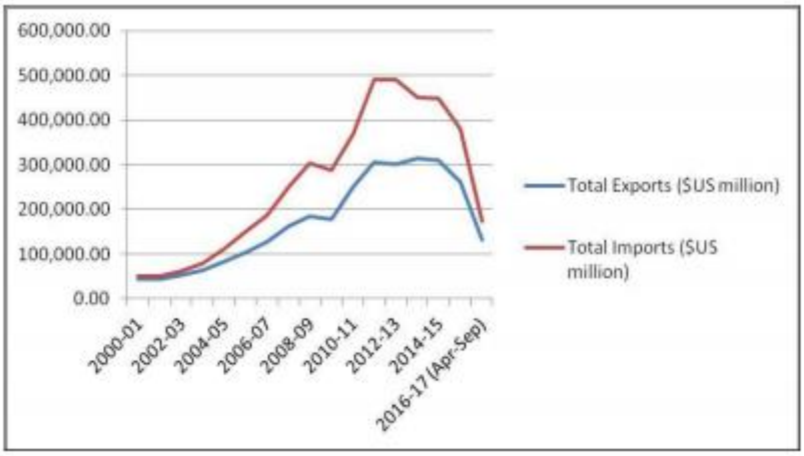

Fig:1[16]

An overview of the composition of export goods reveals that over the past 15- 20 years, mineral fuels, oils and waxes have tends to hold the greatest share in India's export basket. Since 2000-01, the percentage share of mineral fuels has steadily grown from 4.33% to 11.9% in 2015-16. Trends also indicate that over the past 15 years, the share of pharmaceuticals and cereals has risen. The share of pharmaceuticals was 2.12% in 2000-01, and its share was 4.92% in 2015-16. Similarly, 1.66 % was the total percentage share of cereals in 2000-01, which rose to 2.39% in 2015-16.

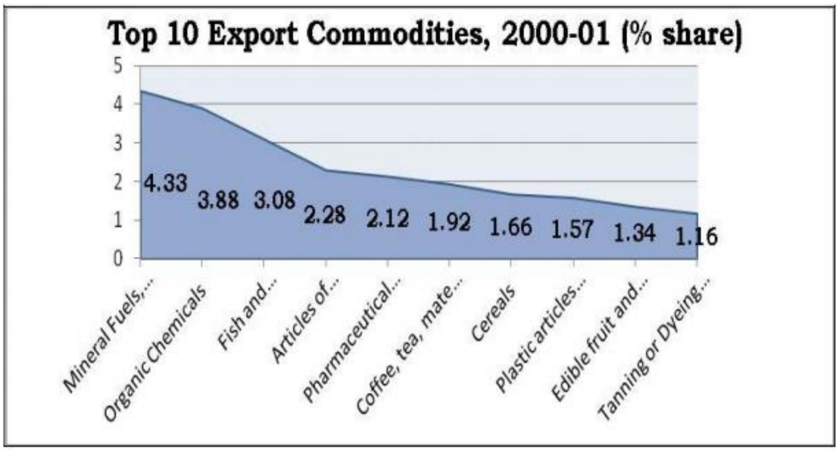

Fig: 2[17]

[16] EXIM Bank, Ministry of Commerce & Industry
[17] EXIM Bank, Ministry of Commerce & Industry

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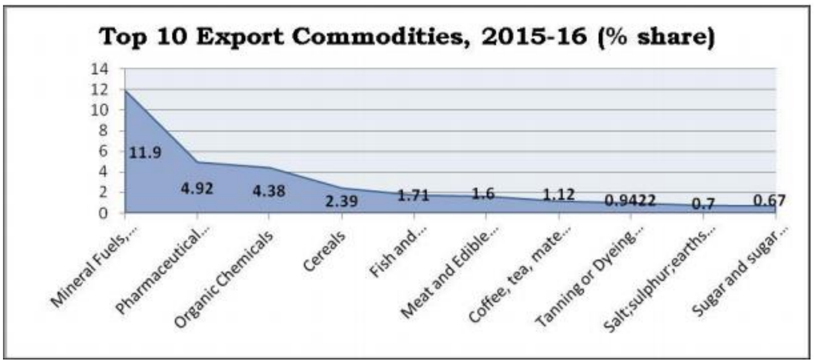
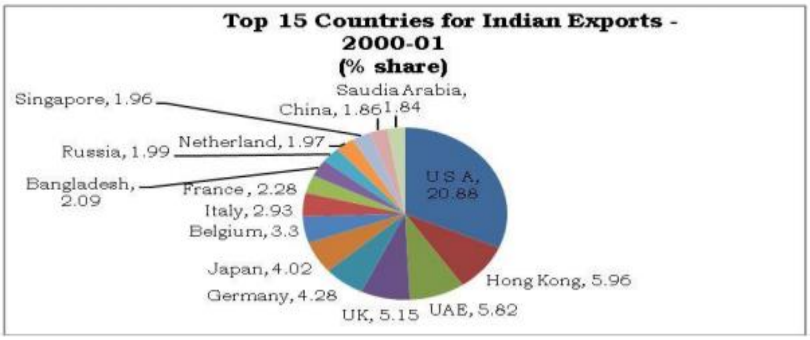


Fig: 3[18]

Since 2000, the directional trend of India's trade from West to East has shifted. In 2000-01, the top ten export countries were six western countries (US, UK, Germany, Belgium, Italy and France) and two Asian countries (Japan and Bangladesh). In 2015-16, the pattern reversed among India's top 10 export destinations with five Asian countries (China, Singapore, Bangladesh, Sri Lanka and Vietnam) and two western countries (US and Germany).



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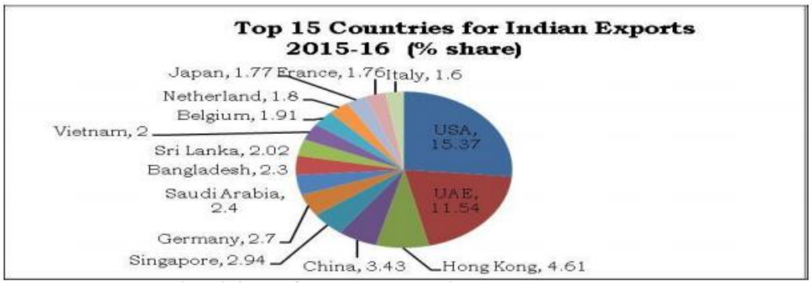
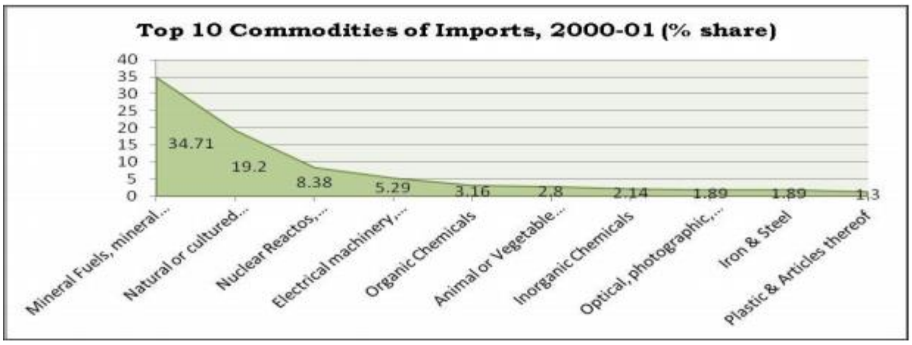


[18] EXIM Bank, Ministry of Commerce & Industry
[19] EXIM Bank, Ministry of Commerce & Industry

Fig: 5[20]

An overview of the composition of import goods reveals that over the past 15- 20 years, mineral fuels, natural products and nuclear reactors have tends to hold the greatest share in India's export basket. Since 2000-01, the percentage share of mineral fuels has steadily dropped by 9.27% in 2015-16. Trends also indicate that over the past 15 years, the share electronic machinery and organic chemicals has risen. The share of electronic machinery was 5.29% in 2000-01, and it has a share of around 9.43%.



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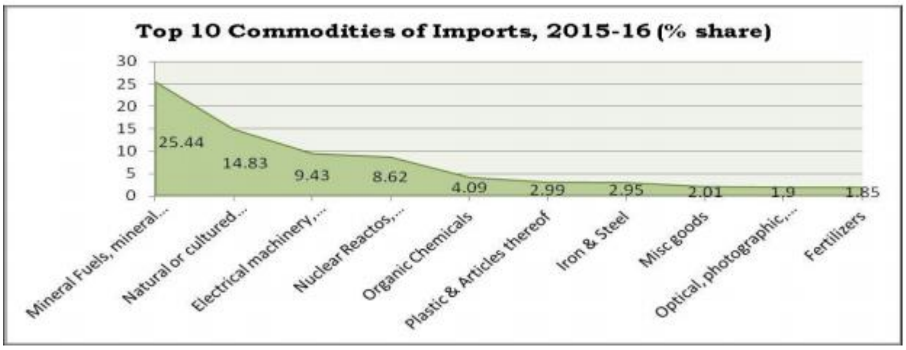

Fig: 7[22]

India's Future Mindmap for Trade Policy

Given the world's highly volatile trading climate, India has to be strategic in order to make up for missed opportunities and remain competitive in futuristic industries as well. In this respect,

[20] EXIM Bank, Ministry of Commerce & Industry
[21] EXIM Bank, Ministry of Commerce & Industry
[22] EXIM Bank, Ministry of Commerce & Industry

the contours and course of policy making will play a significant role. The following should be the key areas of priority under the trade policy roadmap to improve exports:

- R&D should also require the production of goods and their supply chain, so that the export industry can take the best tax advantage. Exporters should be inspired to plan, develop and sell innovative products or existing products with different functionality through the supply chain.
- Incentivizing the exporters with better commodity and consumer diversification.
- Promoting competitive industries such as furniture and energy sectors, where India has a major competitive edge to improve exports.
- Assistance in setting up production facilities abroad: Businesses continue to harness the full capacity of their overseas factories. They set up and maintain their overseas facilities to benefit only from tariff and exchange exemptions, cheap labour, incentives for resources, trade deal rewards and lower logistics costs.
- Interest subsidies should be extended not only for export reasons, but for the whole MSME market.
- MEIS and SEIS tax benefits, in the form of entirely transferable obligation credit scripts, with a reward limit of between 2% and 5%. Exporters may use these scripts to counter service fee, excise duty or customs duty.
- A 25% reduction in export obligations under the EPCG (Export Promotion Capital Goods) scheme with the aim to improve the production of capital goods by homogenous peoples.
- DGFT's Niryat Bandhu Scheme is an kick start strategy taken by the Indian Government in the domain of foreign trade with the aim of spreading the knowledge of international trade mechanism to the first generation entrepreneurs. Although it is not a exhaustive or a best possible institute the DGFT brought into action but its general awareness is very effective and helpful for the young generation who are willing to kick start their career in International Trade Market.

- India should take seriously sector or product specific Memorandum of Understandings with different economies to encourage demand-based exports in various areas, which would not be overwhelming, such as PTAs and FTAs, which India has been hesitant to sign because of the possible challenge of increasing imports.

How WTO Helped India and Other Such Nations to Build EXIM Police and Enter Into International Trade Practices?

It is widely accepted that WTO was formed for the purpose of increasing multilateral trade mechanism with the various negotiations of every types of barriers listed under the GATT/ WTO. The WTO and its specific components sometimes acts as a friend for every participating members as the specific component of RTAs, MFN, National Treatment Principle and other such components aid in lifting multilateral trade system. The vital part of such an institution is that it is not specific to any nation or a group of nation rather they are open to all the nations who wish to join the WTO. On the other hand it can also be assumed that only those nations has initiated their step forward to join the WTO who considered or recognised the WTO institution as a friends for their economy which may lift their economy as a whole and will also provide a opportunity to stand with all the major or minor economies. Especially when it comes to LDCs and other developing nations, the WTO has tried to be their friend to open their economy for international players which will ultimately lift their growth as well as their developing rate. And such gains by the LDCs and other developing nations can only be available through an institution like a WTO, which allows open access to every economy of its member nations; and to provide the opportunities to participate in regional and extra regional multilateral trade by the helping hands of the WTO in a systemise way of negotiation.

The other reason why WTO should be considered as a friends and not an enemy is that during the phase of World War-II the western countries believed that WW-II has totally slow down the growth rate and every country will have to spend much of its time to restart the process of development. In the end line conclusion all the major economy thought of working all together in individual spirit and concluded it to be the only fastest option for the restarting development. The main reasoning addressed by all the major economies were that- the major economies of the world will somehow manage to grow but all the minor countries or the LDC’s will eventually end up in frustration. Hence, they come up with the idea of opening economy with no tariffs or minimum tariffs to boost the international trade in the exchange of essential resources as per the requirement. In the urge of development and reconstruction of economy, two Bretton Wood institutions came into force which are- IMF & World Bank; and International Trade Organisation. The ITO was successfully negotiated and accepted by almost all the nations, because ITO was recognised as a specialised agency of United Nation for inducing free and fair trade practices among all the international players. The major chunk arose when USA and other major nations were unable to pass the ITO treaty in their legislation which ended up ITO as a dead letter, because it was impossible to carry such an institutions without the support or participation of such major economies of the world. Subsequently another trade negotiation came into place named as GATT of 1947 to perform and govern the international trade which actually helped in reducing trade barriers and opening economy. With the different trade negotiation rounds, GATT was improving its trade regulations for the betterment of member nations but eventually in the Uruguay Round and Marrakesh Round a new brick of institution was found that is World Trade Organisation. The main reason why the need of WTO was recognised because GATT was absent of any Dispute Settlement Mechanism and concept of non- tariffs barriers, it also didn't have any provision related to Trade in Services or Trade in Intellectual Property Rights. And the most important factor why there is need of WTO because GATT was not an institution and the world has understood the value of a permanent institution which will regulate or govern the international trade.

We have also seen that WTO and it's various components such as RTAs, MFN, NTP and other trading principles have eventually helped in accessing more liberal economy with the plulilateral trading nations. That means WTO has always looked for opportunities to be friend of every nation because of its highlighted regime that it is the only international institution which will regulate all the international trade mechanism while concerning minimum or no tariff barriers. We understand that nothing can be perfect so does the WTO also has some loopholes in it, the drawbacks in WTO regime are not directly affecting some of the nations rather they are affecting indirectly because not every nations has the same capacity to trade and WTO has a definite and uniform trade regulations for all the countries. Hence, considering WTO as a friend for all the nation is totally dependent upon the local policies and governance of the countries that how country works and what is the socio economic status of any particular country. On the other hand India not only considered WTO as its friend rather India assumed that WTO is the only way for achieving the status of 'Developed Nation' from just being a developing nation. India is part of WTO since the beginning of this institution and was also a participating member of GATT since 1947 for all trade negotiation which means that- India has accepted the international regime of such trade negotiations rounds and the international institutions itself. India has always advanced its arguments that the decisions in the WTO are taken by the consensus which means by a general agreement. So there may be bare minimum chance that any of the decision by the WTO will be against the public policies of the India or which in unfavoured in the interest of India. India also understood that WTO is the only possible institution through which all the LDCs and other developing nations can come together and stand against the major economies for taking the advantages of any trade benefits. India has also thrown some light on the DSBs that how effective this mechanism is, which treats all the unfair practices of any nations who violates the rules made by the WTO. Therefore, it can be assumed that WTO is a very essential and a vital friend to India for its trade and economy expansion.

Conclusion

One of the most significant determinants of economic growth in India has been international exchange in India. The new International Trade Agenda offers a lift to the government's vision for India. The strategy focuses on developing the India brand and growing the share of India's export market and export infrastructure. It highlighted Make in India, Ability India, and Ease of Doing Business, as well as providing the review process. This affirms a five-year cohesive reform framework and a two-and-a-half-year evaluation mechanism. It aims at boosting India's exports by providing exporters with adequate workspace, by easing requirements, removing redundant policies and reducing much paper work. In a more open world, the unveiling of trade facilitation steps, streamlined processes and a reduced interface between authorities and industry would motivate exporters to do business more vigorously. The new agenda further supports the discovery of new opportunities and the diversification of goods and is meant to complement the government's long-term vision of prioritising the importance of trade for the development of the Indian economy. International trade policy supports rising exports by tying them to the priorities and vision of the Make-in-India initiative.

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